

ASSEMBLY BILL

No. 434

Introduced by Assembly Member Hancock

February 14, 2003

An act to amend Section 24214 of the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 434, as introduced, Hancock. State teachers' retirement: postretirement earnings.

Under existing law, the service retirement allowance of a retired member of the Defined Benefit Program of the State Teachers' Retirement Plan is generally reduced if the member's postretirement compensation from specified activities exceeds a certain dollar amount. Existing law specifies certain exceptions to this postretirement compensation limitation.

This bill would additionally except from the postretirement compensation limitation any compensation earned by a member who returns to work at 60 years of age or older.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 24214 of the Education Code, as
2 amended by Section 2 of Chapter 903 of the Statutes of 2002, is
3 amended to read:
4 24214. (a) A member retired for service under this part may
5 perform the activities identified in paragraphs (1) to (9), inclusive,

1 of subdivision (a), or subdivision (b), of Section 22119.5 as an
2 employee of an employer, as an employee of a third party, or as an
3 independent contractor within the California public school
4 system, but the member may not make contributions to the
5 retirement fund or accrue service credit based on compensation
6 earned from that service.

7 (b) The rate of pay for service performed by a member retired
8 for service under this part as an employee of the employer may not
9 be less than the minimum, nor exceed that paid by the employer
10 to other employees performing comparable duties.

11 (c) A member retired for service under this part may not be
12 required to reinstate for performing the activities identified in
13 paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision
14 (b), of Section 22119.5, as an employee of an employer, as an
15 employee of a third party, or as an independent contractor within
16 the California public school system.

17 (d) A member retired for service under this part may earn
18 compensation for performing activities identified in paragraphs
19 (1) to (9), inclusive, of subdivision (a), or subdivision (b), of
20 Section 22119.5 in any one school year up to the limitation
21 specified in subdivision (f) as an employee of an employer, as an
22 employee of a third party, or an independent contractor, within the
23 California public school system, without a reduction in his or her
24 retirement allowance.

25 (e) (1) The postretirement compensation limitation provisions
26 set forth in this section are not applicable to compensation earned
27 by a member retired for service under this part who has returned
28 to work after the date of retirement and, for a period of at least 12
29 consecutive months, has not performed the activities identified in
30 paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision
31 (b), of Section 22119.5 as an employee of an employer, as an
32 employee of a third party, or as an independent contractor within
33 the California public school system.

34 (2) The postretirement compensation limitation provisions set
35 forth in this section are not applicable to compensation earned for
36 the performance of the activities described in subdivision (a) for
37 which the employer is not eligible to receive state apportionment
38 or to compensation that is not creditable pursuant to Section
39 22119.2.



(3) *The postretirement compensation limitations provisions set forth in this section are not applicable to compensation earned by a member retired for service under this part who has returned to work at 60 years of age or older.*

(f) The limitation that shall apply to the compensation for performance of the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 by a member retired for service under this part either as an employee of an employer, an employee of a third party, or as an independent contractor, shall, in any one school year, be an amount calculated by the board each July 1 equal to twenty-two thousand dollars (\$22,000) multiplied by the percentage increase in the average earnable salary of active members of the Defined Benefit Program, as determined by the system, from the 1998–99 fiscal year to the fiscal year ending in the previous calendar year.

(g) If a member retired for service under this part earns compensation for performing activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 in excess of the limitation specified in subdivision (f), as an employee of an employer, as an employee of a third party, or as an independent contractor, within the California public school system, and if that compensation is not exempt from that limitation under subdivision (e) or any other provisions of law, the member's retirement allowance shall be reduced by the amount of the excess compensation. The amount of the reduction may be equal to the monthly allowance payable but shall not exceed the amount of the annual allowance payable under this part for the fiscal year in which the excess compensation was earned.

(h) The amendments to this section enacted during the 1995–96 Regular Session shall be deemed to have become operative on July 1, 1996.

(i) This section shall be repealed on January 1, 2008, unless later enacted legislation extends or deletes that date.

SEC. 2. Section 24214 of the Education Code, as amended by Section 3 of Chapter 903 of the Statutes of 2002, is amended to read:

24214. (a) A member retired for service under this part may perform the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 as an employee of an employer, as an employee of a third party, or as an

1 independent contractor within the California public school
2 system, but the member may not make contributions to the
3 retirement fund or accrue service credit based on compensation
4 earned from that service.

5 (b) The rate of pay for service performed by a member retired
6 for service under this part as an employee of the employer may not
7 be less than the minimum, nor exceed that paid by the employer
8 to other employees performing comparable duties.

9 (c) A member retired for service under this part may not be
10 required to reinstate for performing the activities identified in
11 paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision
12 (b), of Section 22119.5, as an employee of an employer, as an
13 employee of a third party, or as an independent contractor within
14 the California public school system.

15 (d) A member retired for service under this part may earn
16 compensation for performing activities identified in paragraphs
17 (1) to (9), inclusive, of subdivision (a), or subdivision (b), of
18 Section 22119.5 in any one school year up to the limitation
19 specified in subdivision (f) as an employee of an employer, as an
20 employee of a third party, or an independent contractor, within the
21 California public school system, without a reduction in his or her
22 retirement allowance.

23 (e) (1) The postretirement compensation limitation provisions
24 set forth in this section are not applicable to compensation earned
25 for the performance of the activities described in subdivision (a)
26 for which the employer is not eligible to receive state
27 apportionment or to compensation that is not creditable pursuant
28 to Section 22119.2.

29 (2) *The postretirement compensation limitations provisions set*
30 *forth in this section are not applicable to compensation earned by*
31 *a member retired for service under this part who has returned to*
32 *work at 60 years of age or older.*

33 (f) The limitation that shall apply to the compensation for
34 performance of the activities identified in paragraphs (1) to (9),
35 inclusive, of subdivision (a), or subdivision (b), of Section
36 22119.5 by a member retired for service under this part either as
37 an employee of an employer, an employee of a third party, or as an
38 independent contractor, shall, in any one school year, be an amount
39 calculated by the board each July 1 equal to twenty-two thousand
40 dollars (\$22,000) multiplied by the average earnable salary of

1 active members of the Defined Benefit Program, as determined by
2 the system, from the 1998–99 fiscal year to the fiscal year ending
3 in the previous calendar year.

4 (g) If a member retired for service under this part earns
5 compensation for performing activities identified in paragraphs
6 (1) to (9), inclusive, of subdivision (a), or subdivision (b), of
7 Section 22119.5 in excess of the limitation specified in subdivision
8 (f), as an employee of an employer, as an employee of a third party,
9 or as an independent contractor, within the California public
10 school system, the member’s retirement allowance shall be
11 reduced by the amount of the excess compensation. The amount
12 of the reduction may be equal to the monthly allowance payable
13 but may not exceed the amount of the annual allowance payable
14 under this part for the fiscal year in which the excess compensation
15 was earned.

16 (h) The language of this section derived from the amendments
17 to the section of this number added by Chapter 394 of the Statutes
18 of 1995, enacted during the 1995–96 Regular Session, shall be
19 deemed to have become operative on July 1, 1996.

20 (i) This section shall become operative on January 1, 2008.

